



City of Long Beach

Working Together to Serve

Memorandum

Date: July 24, 2007

To: Anthony W. Batts, City Manager *AWB*

From: Michael A. Killebrew, Director of Financial Management *MAK*

For: Mayor and Members of the City Council

Subject: Responses to Questions from the June 19, 2007 Budget Workshop

1. Looking at the Financial Strategic Plan, what were some of the decreases made in the current budget to remain balanced? Please list some savings.

To remain structurally balanced, the FY 07 General Fund Budget used a combination of: budget savings through optimization; appropriate allocation of General Fund costs to other funds where the services are actually provided; increased cost recovery through new and adjusted fees; and savings generated by improvements in daily business practices. Specifically, the structural balance was achieved through:

- Budget savings through optimization (\$4.9 million)
 - Improvement planned through optimization efforts including reprographics and helicopter maintenance
 - Savings from the Employee Health Benefit optimization, generating savings while maintaining current health insurance benefits
- Appropriately allocated General Fund costs to other funds where the services are actually provided (\$3.7 million)
 - Most Planning and Building functions were transferred to a new self-supporting Development Services Fund, eliminating the traditional General Fund subsidy provided for the department's services
 - Correctly assigned Parks, Recreation and Marine administrative and management costs associated with Tidelands activities to the Tidelands Fund
 - All appropriate Community Development administrative costs were allocated across its operations and funds
 - Full cost allocation to enterprise funds for Police and Fire safety services
- Increased cost recovery through new and adjusted fees (\$1.4 million)
 - \$1.4 million in new and increased General Fund fee revenue

2. What is the funding history of the Social Services Grant Program?

For an explanation of the purpose and eligibility requirements of the Social Services Grant Program, please see **Attachment A-1**.

For a five-year history of the Program's resources and expenditures, please see **Attachment A-2**.

3. What was the process for deciding on the Civic Center retrofit/replacement cost estimates?

The retrofit cost estimates were based on remedial work deficiencies identified by studies conducted in accordance with Federal Emergency Management Agency (FEMA) guidelines. From these deficiencies the structural engineering firm, TMAD, designed the remedial work, and a cost estimating firm along with advice from a curtain wall/cladding subcontractor, and a crane operations firm provided the methodology and pricing for the repairs. The cost was then valued and projected to a future date and submitted as a likely cost. The estimate provided was for a complete retrofit and tenant improvement of the entire building.

The replacement building cost estimates were developed by considering a range of various sized potential buildings and their shell and core costs/tenant improvements costs for a class "A" office building. The square foot rates considered were roughly based (and varied higher and lower) on a similar building concept currently being considered by the Port of Long Beach for their new 250,000+-square-foot administrative headquarters. An independent estimator also reviewed these rates as well as verification from general contractors that the City currently utilizes. From this, a likely range of new building and related site work costs was developed and also valued and projected, assuming construction at a future date.

4. Can we bond against Redevelopment debt repayment to the General Fund to fund our infrastructure needs?

Future available revenue streams from current RDA debt repayment to the City equal approximately \$100.1 million, which will begin to accrue to the City in FY 18-FY 29. From this revenue, approximately \$24.2 million of debt can be secured in the short-term at an 6.8 percent interest rate. It is important to keep in mind that approximately 65 percent of the \$100.1 million Downtown repayment is for a CDBG loan, and any proceeds must be used accordingly. Furthermore, given the delay in this revenue source, the cost of debt will be \$80.1 million, and thus not financially viable.

5. Do the CPI increases in the price of service contracts outpace the cost increases that would have been associated with employee costs? If so, how does that impact the original savings factor in the Prop L's used to justify the contracting?

No, CPI and other cost growth has been slower than growth in retirement (PERS) and healthcare costs associated with employees. Nonetheless, all contracts seeking renewal are subject to the Prop L process, so an updated analysis will be conducted at that time.

6. Provide status updates on the Operating Reserve, Infrastructure Reserve and General Fund Reserve.

While both the Infrastructure and Operating Reserves were funded with new \$200,000 allocations in FY 07, both reserves were needed to cover

General Fund departments' unforeseen operating overages. The following are the current balances of the requested reserves:

- Operating Reserve - \$0
- Infrastructure Reserve - \$0
- General Fund Reserve - \$36.1 million

7. Where do most service backlogs created by ongoing budget constraints exist?

Over the past four years, almost \$80 million in expenditure and service reductions have been incurred by the City's General Fund operations, in addition to, in many cases, already being under-funded to start. This has left the organization with inadequate staffing, pared down programs and services and a gross underinvestment in our infrastructure and facilities. Magnifying this situation is the lack of a comprehensive strategy to attract and retain the necessary skilled workforce to deliver the services that the community demands and deserves. As a result, several key areas where service backlogs have grown include, but aren't limited to, the following areas:

- Deferred facility maintenance and repairs
- Deferred maintenance of park grounds and tree management
- Deferred residential street maintenance and repairs
- Deferred traffic control and street sign maintenance or replacement
- Reduced custodial services
- Reduced discretionary funding to afford match requirements for grant opportunities
- Deferred storm drain maintenance

8. What is the cost to re-budget the current level of service provided by the Police Department in support of DARE? What would be the cost to restore the program completely?

The Assistant City Manager was asked by Councilwoman Schipske to provide an independent analysis of the costs associated to restore the DARE program and the Police Department's response. The cost to rebudget the current level of service provided by the Police Department would be \$136,000. The costs to restore the program completely would be \$431,000. Please see **Attachment B** for the complete analysis by Financial Management.

Attachments

CC: CHRISTINE F. SHIPPEY, ASSISTANT CITY MANAGER
REGINALD I. HARRISON, DEPUTY CITY MANAGER
CURTIS TANI, ACTING DEPUTY CITY MANAGER
ROBERT SHANNON, CITY ATTORNEY
THOMAS REEVES, CITY PROSECUTOR
LAURA DOUD, CITY AUDITOR
DEPARTMENT HEADS

**CITY OF LONG BEACH****BOARD OF HEALTH AND HUMAN SERVICES**

2525 Grand Avenue

Long Beach, CA 90815

(562) 570-4000

FAX (562) 570-4049

August 23, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

1. Authorize the City Manager to approve and adopt the recommendations of the Board of Health and Human Services for allocation of the Social Services Grant and Emergency Shelter Grant Programs, as outlined in Attachments A and B.
2. Execute all necessary documents with community agencies for provision of social services and emergency shelter and services for the period from October 1, 2005 to August 31, 2006 for the Social Services Grant Program and October 1, 2005 to August 1, 2007 for the Emergency Shelter Grant Program with an option to renew the Social Services Grant Program from October 1, 2006 to August 31, 2007 and the Emergency Shelter Grant Program from October 1, 2006 to August 31, 2008. (Citywide)

DISCUSSION

The Social Service Grant Program (SSG) was established in 1986 by the Long Beach City Council to encourage the development of innovative programs to address unmet and emerging social service needs of low-income Long Beach residents. The purpose of the Emergency Shelter Grant Program (ESGP) is to improve the quality and number of emergency homeless shelters by funding emergency shelter and homeless prevention projects.

On February 16, 2005 and June 15, 2005 the Board of Health and Human Services (BOH), in conjunction with the Homeless Services Advisory Committee, Community Development Advisory Commission and the Housing Development Corporation, held a public hearing to determine the social service needs within the City of Long Beach. Additionally, the Multi-Service Center for the Homeless issued a client survey to 1,200 clients to determine the needs of homeless individuals and families in Long Beach. Through this process, priority-funding categories for the SSGP and the ESGP were established and announced in a Request for Proposals (RFP) process seeking service providers.

The RFP was released on March 29, 2005 at a workshop for all interested applicants. Thirty-eight applications were received by the April 22, 2005 deadline announced in the RFP (32 SSGP and 6 ESGP). Total funds requested were \$771,981 for SSGP and \$594,832 for ESGP.

Thirteen BOH members and two Homeless Services Advisory Committee members participated in the review process. On June 20, 2005, this Ad Hoc SSGP Committee met

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for the purpose of reviewing applications received in response to the RFP for the SSGP and ESGP. On August 12, 2005, the BOH held a special meeting and approved the recommendations.

There were no Appeals received for either the SSGP or ESGP.

Attached is a listing of 29 agencies recommended for SSGP funding in the total amount of \$450,000 (Attachment A). Also attached is a listing of four agencies recommended for ESGP for a total of \$384,839 (Attachment B). The funding is allocated for two years, with the second year of funding pending approval by the BOH and City Council based on the agency performance and availability of funds.

This matter was reviewed by Senior Deputy City Attorney Donna F. Gwin on August 15, 2005 and Budget Management Officer David Wodynski on August 12, 2005

TIMING CONSIDERATIONS

City Council action is requested on August 23, 2005, to enable the Department of Health and Human Services to begin contract negotiations and processing for the fiscal year beginning October 1, 2005.

FISCAL IMPACT

Funds totaling \$834,839 are budgeted in the Future Capital Projects Subfund (CP 201.003) in the Department of Health and Human Services (HE), and are supported by the General Fund (\$200,000), the Community Development Block Grant (\$250,000), and Emergency Shelter Grant (\$384,839) monies.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

Annette Kashiwabara
Chair
Board of Health and Human Services

By:



RONALD R. ARIAS
DIRECTOR
HEALTH AND HUMAN SERVICES

Attachments

ATTACHMENT A

**City of Long Beach
Social Services Grant Program
October 1, 2005 to August 31, 2006
(With an option to renew for October 1, 2006 to August 31, 2007)**

<u>Name of Agency</u>	<u>Funding Recommendation</u>
1. 1736 Family Crisis Center (Domestic Violence)	\$20,000
2. Christian Outreach Appeal	\$20,000
3. National Mental Health Association of Greater Los Angeles	\$20,000
4. Boys and Girls Club of Long Beach	\$18,000
5. Disabled Resources Center	\$18,000
6. Food Finders	\$18,000
7. Goodwill Industries of Long Beach and South Bay	\$18,000
8. Helpline Youth Counseling	\$18,000
9. Interval House	\$18,000
10. Operation Jump Start	\$18,000
11. Sexual Assault Crisis Agency	\$18,000
12. St. Mary Medical Center Foundation/Families in Good Health	\$18,000
13. Willmore Urban Agency	\$18,000
14. WomenShelter of Long Beach	\$18,000
15. Alpert Jewish Community Center – RSVP	\$15,000
16. South Bay Alcoholism Services	\$15,000
17. Children's Clinic	\$14,000
18. Children's Dental Health Clinic	\$14,000
19. Los Angeles Community and Design Center	\$14,000
20. Atlantic Recovery Services	\$12,000
21. Broad Spectrum Community Development Corporation	\$12,000
22. Centro Cha, Inc.	\$12,000
23. Friends Outside in Los Angeles County	\$12,000
24. Harbor Area Halfway Houses	\$12,000
25. Lutheran Social Services	\$12,000
26. National Conference for Community and Justice	\$12,000
27. Office of Samoan Affairs	\$12,000
28. Pathways Volunteer Hospice	\$12,000
29. Stand Up for Kids	\$12,000
Total Future Capital Projects Sub-Fund (CP.201.003 funding)	\$450,000

ATTACHMENT B**City of Long Beach
Social Services Grant Program**

**Emergency Shelter Grant Funds
October 1, 2005 to August 31, 2007
(With an option to renew for October 1, 2006 to August 31, 2008)**

Emergency Shelter Grants Program (SR 150-003 funding)

<u>Name of Agency</u>	<u>Funding Recommendation</u>
1. Institute for Urban Research and Development	\$119,821
2. Catholic Charities	\$120,000
3. Legal Aid Foundation of Los Angeles	\$ 78,028
4. <u>Southern California Alcohol and Drug Program</u>	<u>\$ 50,490</u>
Total ESG Allocation FY 2005-06	\$368,339
Administrative 5%	<u>16,500</u>
TOTAL ALL FY 2005-06	\$384,839

City of Long Beach
Social Services Support Program
Historical Analysis and Current Funding Levels
FY 03 - FY 07

Funding	Index Code	FY 03	FY 04	FY 05	FY 06	FY 07
Budget						
GP	XCOTFRSE	\$ 450,000	\$ 450,000	\$ 450,000	\$ 200,000	\$ -
CDBG	CDNSPRO	\$ -	\$ 300,000	\$ 250,000	\$ 250,000	\$ 200,000
Total		\$ 450,000	\$ 750,000	\$ 700,000	\$ 450,000	\$ 200,000
Actuals						
GP	XCOTFRSE	\$ 449,500	\$ 184,113	\$ 200,651	\$ 131,651	\$ -
CDBG	CDNSPRO	\$ -	\$ 249,790	\$ 250,000	\$ 299,930	\$ -
Total		\$ 449,500	\$ 433,903	\$ 450,651	\$ 431,581	\$ -

General Note: HE incurs costs directly in HE1127B then expenditure transfers actuals to CDNSPRO.

FY 03 Note: FY 03 reflects the traditional budget and expenses for the SSGP, historically funded using the hospital land sales proceeds.

FY 04 Note: When the hospital land sales proceeds were exhausted, a direct General Fund commitment was made for only \$200,000 per year. To offset this loss, in FY 04 CD pledged \$300,000 CDBG funding for the SSGP (\$250,000 for grants and a one-time startup of \$50,000 for admin.) While the GP budget was not reduced due to an oversight, FY 04 actuals were only \$433,903, in line with historic budgeted levels of \$450,000.

FY 05 Note: The GP budget for SSGP was again not lowered to match the pledge (the oversight continued), however the CDBG budget was lowered by \$50,000, to \$250,000 total, per prior agreement. Again, HE expenses for the SSGP remained \$450,651 total.

FY 06 Note: The budget was finally aligned with the correct level of commitment and traditional expenditure level, \$450,000 total. SSGP actuals for the year totaled \$431,000. CDBG actuals came in approximately \$50,000 over budget, which was allowed on a case-by-case basis by Community Development due to available funding.

FY 07 Note: Per briefings held by CD with all CDBG-supported departments, the CDBG commitment to SSGP was reduced from \$250,000 to \$200,000 due to overall CDBG funding reductions. Also, the Budget Office cut the GP commitment to the SSGP to \$0 as part of a Financial Strategic Plan clean-up action. This was done in error, therefore HE will continue to transfer its SSGP expenses for FY 07 in GP/XC, which will absorb the expense. The \$200,000 GP budget will be restored in the FY 08 base budget, as reflected in BERP.



Date: June 5, 2007
To: Councilwoman Gerrie Schipske, 5th District
From: Christine F. Shippey, Assistant City Manager \s\
Subject: DARE PROGRAM FUNDING

At the November 14, 2006 Council meeting you requested that we report back to the City Council regarding the potential and feasibility of increasing police department resources for the D.A.R.E. program. The following provides a summary of the current program and a review of the current General Fund budget status, as well as an overview of two possible enhancement options for consideration as part of the FY 08 budget process.

CURRENT PROGRAM

Currently, the Long Beach D.A.R.E. Program is staffed by two retired, non-career police officers, who are responsible for instructing over 1,800 5th grade students at more than 12 elementary schools. The officers commit a combined total of approximately 50 hours weekly (for 30 weeks of the year) to the program. Although the D.A.R.E. program was eliminated in the FY06 Adopted Budget, the Police Department continued funding the program out of existing resources, which is estimated to cost approximately \$78,000 by the end of FY 07.

GENERAL FUND BUDGET STATUS

The Police Department is anticipated to end FY 07 at \$7 million over budget in the General Fund; in view of this significant overrun, midyear enhancements are not recommended.

ENHANCEMENT OPTIONS

The following are two enhancement proposals suggested by the Police Department:

OPTION 1

Option 1 would add to the current program approximately 36 hours of weekly instruction by five to six police officers working on an overtime basis. These officers, who have already been trained in the D.A.R.E. program, would be in addition to the current two retired, non-career police officers, and combined, would instruct approximately 4,000 5th grade students at 26 elementary schools. Including fleet costs, this option is calculated to cost \$136,000. The D.A.R.E. Board of Directors has apparently committed to pay \$35,000 for staffing related charges for the first year only, and therefore the cost for Option 1 in FY (08) would be \$101,000.

Councilmember Gerrie Schipske, 5th District

June 5, 2007

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OPTION 2

Option 2 would reinstate the D.A.R.E. Program to the Fiscal Year 2004-06 levels of service, utilizing three full-time officers and the two retired, non-career police officers. This staffing level would enable instruction of approximately 7,650 5th grade students at 51 elementary schools. The staffing costs for this enhancement are estimated at approximately \$412,000 and fleet costs at \$19,000 for a total program cost of \$431,000. According to the Police Department, to fund this proposed option, the positions would be reallocated from within the Department without any current service impact. If the D.A.R.E. Board of Directors would pay the \$35,000 for staffing related charges for the first year of the program, the cost for Option 2 in FY (08) would be \$396,000.

Based on the current General Fund status, as well as anticipated increased public safety demands for FY (08), we recommend that any continuation and/or enhancement of the D.A.R.E. Program be considered as a Mayor and City Council budget decision during the FY (08) budget deliberations.

CFS:CFW

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